

Istook Says Momentum Gaining for Capital Gains Bill

Washington, DC -- Congressman Ernest Istook (R-OK) said momentum is gaining on Capitol Hill to pass legislation to raise the deduction for capital losses, helping taxpayers to offset their stock market losses.

Before Congress recessed for August, Istook introduced a bill, H.R. 5212, that would increase the deductibility of capital losses from \$3,000 to \$20,000 per year to aid American investors; Istook says America needs the incentive to continue the investments that generate jobs and prosperity.

“From President Bush to Charles Schwab, leaders agree that we need to act now to help the families hurt by stock market losses,” said Istook. **“And they agree that increasing the capital loss deduction is a common-sense solution to do that.”**

Istook cited Schwab’s comment at the President’s Economic Forum in August, plus recent House leadership discussions as evidence that momentum is gaining to address the issue. Majority Leader Dick Armey has confirmed this is a key objective that Congress will address. Charles Schwab at the President’s Economic Forum said policy makers should as soon as possible consider “allowing investors to deduct up to \$20,000 against their income for losses that they suffered in investing. It is still right now a meager \$3,000. That is almost an insult. It was set 20 or 30 years ago.” President Bush as well has recently made public comments encouraging Congress to take up new tax legislation.

“My bill will provide immediate relief to those Americans hit hardest by the market downturn,” said Istook. **“Instead of waiting 8 or 10 years, families can start recovering now. It also helps keep investors from being discouraged. Long-term, investing in America is good for individuals and good for our country. We don’t want the short-term losses in times like this to discourage people from continuing to invest.”**

Today, more Americans than ever before are invested in the stock market. That means the downturn has hit a great many middle-class Americans, not just upper-income groups. Currently, individuals can only deduct up to \$3,000 per year in capital losses from their taxable income, meaning it takes “forever” to take the tax write-offs that ease the loss. Istook’s bill, H.R. 5212, would increase the limit to \$20,000 and index it for inflation, so it would not have to be revisited. The limit has not been increased in over 25 years.